

“Acquisition Reform Day Feedback”

Videotape Remarks
of
The Under Secretary of Defense for Acquisition and Technology
Dr. Paul G. Kaminski

October 10, 1996

Good day.

I am pleased to report to you that the Acquisition Reform Day observed earlier this year on May 31st was a huge success;

You told me that we accomplished our objectives of:

- Increasing your awareness of our many reform initiatives;
- Accelerating the institutionalization of these initiatives; and,
- Improving our communications so that we could exchange good ideas and resolve your concerns and issues.

I am very encouraged by your feedback. In fact, here it is. This is one of two volumes of your feedback which I've taken the time to look at.

We are embracing Acquisition Reform together and making it work within your organizations.

While nothing is perfect, you told me that our Acquisition Reform initiatives are on target. We are addressing the right things.

You also told me that our various initiatives are generally working quite well.

I would like to cite just a few examples of the positive things you said about some of our initiatives:

- The Federal Acquisition Streamlining Act or FASA—with its expanded definition of commercial items, simplified acquisition threshold

procedures, and provisions for the government purchase card—has helped to streamline our procurement process.

- Electronic Commerce / Electronic Data Interchange or EC/EDI has moved us technologically forward, towards a more modern, efficient, paperless procurement process which is easier for you to use.
- Integrated Product Teams have brought the many elements of the Department together, causing us to work as a team—focused on making programs more successful and together reducing our cycle time.
- MILSPEC and MILSTD reform and our Single Process Initiative have allowed us to reduce our costs and to insert modern technology into our systems, by effectively tapping into proven commercial standards and practices; and, it's also making our national industrial base both stronger and more globally competitive.

Now, are we done with acquisition reform? By no means.

As I've said on many occasions, we are only at the end of the beginning.

On Acquisition Reform Day I also asked for your ideas about how we can further improve the processes, and you told me.

I have passed your many good ideas and suggestions to the Component Acquisition Executives and we, together, are working on them.

You will hear more about specific follow-up actions in what follows. But let me tell you that we are diligently working the issues, and we will keep you informed of our progress during the coming weeks and months ahead.

As appropriate, we are now forming Process Action Teams and Working Groups to implement your good ideas.

However, I think it is important that you know the 5 major issues that surfaced from your feedback—the ones that we will be stressing the hardest.

- Without question, education and training concerns were at the top of everyone's list in the concerns mentioned.

Your message came through to me loud and clear—that we need to do a much better job of getting the word out to the field and providing timely training to the field. This is a must for you to efficiently implement and benefit from the changes that we have made.

We are feverishly working to maintain the Defense Acquisition University's funding for 40,000 school quotas in FY97.

And we are finalizing now our long range plan for alternate training delivery means—to bring classes, information and training directly to more of you through such techniques as satellite broadcasts (like this one), distance learning, and CD ROM approaches.

Using the best methods from industry and academia we are working to develop a solid and continuing education program. On August 7th we issued Interim Continuing Education Policy guidance which strives to provide each member of the acquisition workforce with 40 hours of annual education and training in order to remain current in acquisition policy and initiatives.

OSD and the Services are working hard to provide training opportunities and material.

I ask each of you, including supervisors, to take maximum advantage of what's out there—and let us know what additional areas we need to address.

- Empowerment was the number two concern.

Many of you are frustrated because you are encountering management obstacles and roadblocks to implementing the reforms—and you aren't being sufficiently empowered to make decisions at the lowest possible level without second-guessing and occasional reversals by management.

This concern was expressed at all levels, by all kinds of organizations—Program Managers, PEOs, PCOs and other functional specialists in Contracting and in Systems Commands.

Now this is an extremely difficult issue. We are working on this together. I think our Integrated Product Teams are a big help. But we clearly have much more to do. Let me tell you that I've heard you, and you have my firm promise to work on this problem.

- You surfaced a third concern — frustration over disconnects with the Requirements Generation and Budgeting Processes.

You are very concerned with the need to stabilize the requirements, program priorities, and funding that are so important to executing successful programs.

Be assured that maintaining program stability is extremely important to me and also to each of the Component Acquisition Executives.

The Component Acquisition Executives have been working hard to stabilize their programs by dealing with issues such as budget cuts through program cancellations instead of what I would describe as salami-slicing — allocating a small cut across every acquisition program, and thereby damaging every program in the process.

For specific programs, we have taken on the issue of disconnects between our Defense Acquisition Board decisions and our programming and budgeting actions. In particular, on the Air Force's JDAM program and the Navy's LPD-17 program, we were successful in restoring funding that was cut shortly after the programs' baselines were approved in a DAB milestone review.

More importantly, however, is the systemic issue of the interface between the Acquisition and Comptroller communities. I believe we are very fortunate to have John Hamre as the DoD Comptroller. Back in April of this year Dr. Hamre and I met to resolve some of these issues, and roundtable discussions have begun in earnest. We, together, have established a policy to ensure that DAB decisions will be considered

and will be a factor in all program and budget decisions to be made in the future.

On a related note, our Program Managers have also expressed their concerns with the instability and inflexibility caused by managing multiple “colors of money.” I want to take this opportunity to report to you that the DoD Comptroller and I are taking steps to double the reprogramming threshold ceilings, and to make better use of the inter-appropriation transfer authority to move money between R&D and procurement lines. As soon as I finish this videotape I am meeting with the Comptroller to plan for sessions that we’ll both be having with the Congress to address these issues.

- The fourth top issue was Electronic Commerce / Electronic Data Interchange — in particular problems associated with the architecture, its speed and its reliability.

While you were highly complimentary about this significant move towards a paperless procurement process, you were equally vocal about system reliability problems and speed problems that you encountered.

I am pleased to report that some significant improvements are already scheduled for deployment during the next three months. We heard you and we are evolving the architecture to accelerate transaction processing times from four days to three hours. A tracking system will be added as well.

- And finally, your fifth major concern dealt with deployment of the “Cost As an Independent Variable” or CAIV initiative.

Everyone supported the need for this new concept to containing system costs and field affordable systems.

However, CAIV is clearly one of those concepts that is easy to talk about why, harder to talk about how, and even harder to do in practice.

You've asked for more detailed guidance and tools in executing the CAIV concept and I'm pleased to report to you that it's on its way.

You will find a more detailed discussion of CAIV and its relationship to cost-performance trades in the upcoming December 1996 release of the Acquisition Deskbook.

That CAIV section will also describe how current "Design-To-Cost" tools may be used in implementing CAIV.

We have also designated several acquisition programs — like ATACMS/BAT P3I, AIM-9X, MIDS, SBIRS, JASSM, EELV, and the Joint Strategic Fighter — as CAIV Flagship programs. And by the end of this year we will be providing you with the CAIV lessons learned from those programs.

Much more work must be done in the area of cost modeling to support the CAIV process. And that effort is just beginning.

These are just a few of the important issues that you raised.

In closing, let me say that making Acquisition Reform a reality has been a team effort. The progress we have made has been due to our ideas and our hard work together.

When we first posed the idea of an Acquisition Reform Day many people questioned its value.

However, you overwhelmingly told us that it was not only a good idea, but you also said we should do it again, and soon. And we will.

Therefore, I am announcing today that we will conduct another Acquisition Reform Day on March 19th, 1997. Mark your calendars.

Once again, we'll take time to assess where we are together in implementing acquisition reform and together define future courses of action.

We've come a long way together in improving our acquisition processes. But we still have much to do together.

We can't stop now.

Let's commit to continuing that journey—together—towards becoming the world's smartest buyer of systems and services for our Warfighters.

We owe it to them and to the Nation.

Thank you.